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GERMAN EXPLOITATION OF FRENCH INDUSTRY

(with special reference to the chemical industry)

A. Introduction

German exploitation of French industry has gone through several phases, including one of looting raw material stocks, and one of attempting to organize French industry in line with long run Axis economic objectives. The present German policy appears to be one of using French industry to produce on German account certain specified war products to the extent that additional production is needed. For the most part, this production is below the capacity of the various French industries, and raw materials for production are supplied almost exclusively for the amount of production considered by the Germans essential to their war effort. French industry, in fact, is being used to supplement Axis war production when and where such supplementation is necessary.

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In some cases a corporate arrangement has been made whereby French and German firms cooperate closely in production. In iron and steel, potash, rubber, for instance, large industrial German firms, groups of firms, or cartel members have undertaken the administration and supplying of raw materials and technical processes to French factories in the same field.

Information on the actual "stripping" of French factories, i.e. removal of machinery, is unsatisfactory and it is not now possible to say to what extent this has been done. Certainly many factories have been shut down and many workers transferred to Germany. Reports that factories previously shut down have now reopened for work on German account, however, may indicate that stripping of industrial installations has not yet reached a significant quantity.

The utilization of the French chemical industry by the Germans is an interesting example of the German method and will be dealt with in somewhat greater detail.

B. The Chemical Industry

The relative importance of the French chemical industry in the European economy is illustrated by the fact that France is normally the second largest chemical producer on the Continent and the fourth largest in the world. France supplies about 8.5% of the world's output of chemicals and is ordinarily the world's fourth largest exporter of chemicals. However, a considerable part of the export as well as of production represents potash from the Alsatian mines. France's normal chemical exports are chiefly potash, coal tar dyes, cellulose acetate, soda ash, caustic soda, explosives, rosin, superphosphates, potassium tartrate, casein, glycerine, arsenicals, and basic slag. The chief imports are sulfur, coal tar pitch, coal tar dyes, nitrogen, fertilizers, phosphate rock, copper sulfate, and carbon black.

France's most important present wartime chemical contribution to the German military machine is in explosives, electrochemical products such as aluminum and magnesium, and in raw materials (turpentine, alcohol, etc.). The most important individual chemical plants including related coking plants are located in the northern part of France. Big Kuhlmann chemical plants, for instance, are located near Paris, Rouen, and Marseilles. Powder, aluminum, calcium carbide, synthetic fiber plants, etc. are situated chiefly in the southern part of France.

In general, German policy in the exploitation of the chemical industry in France, and similarly in Belgium, and Holland, has undergone some changes since 1940. At that time Germany, counting on a short war, tried to reorganize the economic structure of these countries in accordance with long-term objectives. For the chemical industry this meant (1) the attempt to eliminate those industries based on imported raw materials, and (2) the exploitation of those based on locally available raw materials. The first objective - which was also partly based on a desire to eliminate competition was achieved by confiscating all stocks of imported raw materials and by refusing to allocate transportation space for imports of new raw materials. The second objective was achieved by forcing French firms to be administered either by large German concerns or cartels as in the case of the dye and rayon industry, or to "collaborate" under the "Respective Committees of Organization," which supervised the production programs and distribution of raw materials as well as of finished products.

In 1940, because of Germany's own industrial reserves and high production, it was not considered necessary to utilize fully France's chemical capacity for the German war machine. When it became apparent to the Germans that the war would not be over quickly, Germany gave up her long-term objectives for the French chemical industry in favor of full exploitation where possible and where necessary to supply the German war machine. The chief limitations in applying this policy were as follows: proximity of French plants to English bases, making them vulnerable to aerial attacks; fear of sabotage; transport difficulties due to shortage of rolling stock, lubricants, etc., as well as the great distance of France from the consumption center, the battlefields of the Eastern Front; to say nothing of power and raw materials shortages.

More recently, the Naxis have attempted to exploit the French chemical industry more fully. Full industrial mobilization for a long war has become essential, particularly in view of the growing production capacity of the United Nations. French plants, from the German point of view, have one advantage in that they are usually smaller than the German plants and are more widely dispersed and thus more difficult to destroy. However, their nearness to the Mediterranean front may become a deterring factor in Germany's plans to utilize French industrial capacity, in the event of Allied invasion.

There have been some reports of machinery being stripped from French plants and transferred to Eastern German areas less susceptible to aerial bombardment. In general, however, these reports have been vague and sometimes inaccurate, and it is difficult to estimate how widespread the practise has been. In isolated cases it has also been reported that some of this equipment was returned and re-installed in the original plants.

The production of individual French plants in general has been far below capacity - in many cases as low as 10 to 25 per cent and rarely as high as 50 to 75 per cent - because of lack of coal, power, and raw materials. Shortages of pyrites, for instance, have seriously curtailed the production of sulfuric acid, while the cutting off of North African phosphate rock has reduced superphosphate production.

Many of the French plants which were shut down shortly after the fall of France have resumed production again within the limits of raw material, labor, and power supplies. The largest French powder plants (Toulouse, Angouleme, Bergerac, and St. Medard) have resumed partial production, and are expected to supply about 1/5 to ¼ of the German requirements of propellant powders this year. Aluminum production distributed among 15 medium and small-sized plants, depends mainly on the hydroelectric power supplies allocated. The same is true of electrolytic caustic soda and chlorine and calcium carbide plants.

Two outstanding examples of forced French collaboration with Germany are in the dye and rayon industry. The Etablissements Kuhlmann, a large French concern producing heavy chemicals, dyestuffs, nitrogen products, fertilizers, plastics, rayon, and synthetic motor fuels, occupies a similar position in France to that held in Germany by I.G. Farben, which has had rather close connections with it - technical as well as financial - for a number of years. In 1921 one of I.G's predecessor companies entered a short-lived cartel agreement with the Cie. Nationale des Matieres Colorantes, later absorbed by Kuhlmann. In 1927 Kuhlmann and I.G. entered into a new cartel agreement which permitted the Germans to exercise a certain control over and to acquire further familiarity with the French dyestuff industry, which it had partly helped set up even before World War I. In 1941 the Germans forced the formation of an 800 million franc dyestuff company known as Soc. Anonyme de Matieres Colorantes des Produits Chimique "Francolor" which absorbed the dyestuff interests of Kuhlmann and its affiliates, Saint Denis and Saint-Clair-du Rhone. I. G. Farben acquired 51 per cent of the stock of this new corporation, and the three French companies 49% between them. I.G. furnished some stock and processes, and while the French retain the presidency of the new concern, active control is in the hands of the Germans.

The remaining branches of the chemical, nitrogen, fertilizers, synthetic gasoline, rayon interests of the French

are also in fact under German control through the intermediation of special committees set up to administer each sector of the industry. The Germans have recently classified chemical factories according to their relative importance to the German war effort, closing factories of less importance or those not considered efficient. For example, all glass works that are not automatic and even some semi-automatic plants, have recently been shut down. Explosives production is completely controlled and administered by the Germans.

In the synthetic fiber field, "France Rayonne" was formed early in 1941 with a capital of 200 million francs, to be raised to 500 million francs by 19 leading French rayon producers under German auspices. Although originally to be chiefly a sales cartel, a 10 year agreement was also reported between France Rayonne and the Deutsche Zellwolle und Kunstseide Ring, covering in addition to sales, such matters as raw materials, processes, and exports. In the new Roanne synthetic fiber plant, propagandistically announced to become one of the largest in the world, 70 per cent of the ownership is held in a "Syndicat des Textiles Artificiels" (presumably France Rayonne) and 30 per cent by the Germans who supplied the machinery and direction for the construction of the new plant which has not yet been completed.